

## Alcohol and Tobacco Tax and Trade Bureau, Treasury

§ 19.967

### ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS—Continued

More than	But not over	Amount of bond
190,000 .....	200,000	20,000
490,000 .....	500,000	50,000

(b) *Large plants.* To find the required amount of your bond, estimate the total proof gallons of spirits to be produced and received in a calendar year. The amount of the bond is \$50,000 plus \$2,000 for each 10,000 proof gallons (or fraction) over 500,000. The following table provides some examples:

### ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS

More than	But not over	Amount of bond
500,000 .....	510,000	\$52,000
510,000 .....	520,000	54,000
740,000 .....	750,000	100,000
990,000 .....	1,000,000	150,000
1,240,000 .....	.....	200,000

(Sec. 805(c), Pub. L. 96-39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96-223, 94 Stat. 278 (26 U.S.C. 5181))

#### § 19.958 Conditions of bond.

The bond shall be conditioned on payment of all taxes (including any penalties and interest) imposed by 26 U.S.C. Chapter 51, on compliance with all requirements of law and regulations, and on payment of all penalties incurred or fines imposed for violations of any such provisions.

(Sec. 805(c), Pub. L. 96-39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96-223, 94 Stat. 278 (26 U.S.C. 5181))

#### § 19.959 Additional provisions with respect to bonds.

Subpart H of this part contains further provisions applicable to bonds which, where not inconsistent with this subpart, are applicable to bonds of alcohol fuel plants.

### CONSTRUCTION, EQUIPMENT AND SECURITY

#### § 19.965 Construction and equipment.

Buildings and enclosures where distilled spirits will be produced, processed, or stored shall be constructed

and arranged to enable the proprietor to maintain security adequate to deter diversion of the spirits. Distilling equipment shall be constructed to prevent unauthorized removal of spirits, from the point where distilled spirits come into existence until production is complete and the quantity of spirits has been determined. Tanks and other vessels for containing spirits shall be equipped for locking and be constructed to allow for determining the quantities of spirits therein.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178))

#### § 19.966 Security.

Proprietors shall provide security adequate to deter the unauthorized removal of spirits. The proprietor shall store spirits either in a building, a storage tank, or within an enclosure, which the proprietor will keep locked when operations are not being conducted.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202))

#### § 19.967 Additional security.

If the appropriate TTB officer finds that security is inadequate to deter diversion of the spirits, as may be evidenced by the occurrence of break-ins or by diversion of spirits to unauthorized purposes, additional security measures may be required. Such additional measures may include, but are not limited to, the following:

- (a) The erection of a fence around the plant or the alcohol storage facility;
- (b) Flood lights;
- (c) Alarm systems;
- (d) Watchman services; or,
- (e) Locked or barred windows.

The exact additional security requirements would depend on the extent of the security problems, the volume of alcohol produced, the risk to tax revenue, and safety requirements.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202))

## § 19.970

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### SUPERVISION

#### § 19.970 Supervision of operations.

The appropriate TTB officer may assign appropriate TTB officers to premises of plants qualified under this subpart. The authorities of appropriate TTB officers, provided in §§ 19.81 through 19.84, and the requirement that proprietors furnish facilities and assistance to appropriate TTB officers, provided in § 19.86, apply to plants qualified under this subpart. The provisions of § 19.75 of this part pertaining to the assignment of appropriate TTB officers and hours of operation, to the extent deemed necessary by the appropriate TTB officer, are applicable to plants qualified under this subpart.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1320, as amended, 1356, as amended, 1357, as amended, 1358, as amended, 1375, as amended, 1396, as amended (26 U.S.C. 5006, 5201, 5203, 5204, 5213, 5555); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202); sec. 807, Pub. L. 96-39, 93 Stat. 284 (26 U.S.C. 5207))

### ACCOUNTING FOR SPIRITS

#### § 19.980 Gauging.

(a) *Equipment and method.* Proprietors shall gauge spirits by accurately determining the proof and quantity of spirits. The proof of the spirits shall be determined using a glass cylinder, hydrometer, and thermometer. Proprietors may account for fuel alcohol in wine gallons. Unless proprietors desire to do so, it is not necessary to determine the proof of fuel alcohol manufactured, on-hand, or removed. The Proprietor may determine quantity either by volume or weight. A tank or receptacle with a calibrated sight glass installed, a calibrated dipstick, conversion charts, meters (subject to approval by the appropriate TTB officer, or other devices or methods approved by the appropriate TTB officer, may be used to determine quantity by volume. The proprietor shall ensure that hydrometers, thermometers, and other equipment used to determine proof, volume, or weight are accurate. From time to time appropriate TTB officers shall verify the accuracy of such equipment. Detailed procedures for gauging spirits are provided in 27 CFR part 30.

(b) *When Required.* Proprietors shall gauge spirits and record the results in their records at the following times:

- (1) On completion of production of distilled spirits;
- (2) On receipt of spirits at the plant;
- (3) Prior to the addition of materials to render the spirits unfit for beverage use;
- (4) Before withdrawal from plant premises or other disposition of spirits (including fuel alcohol); and
- (5) When spirits are to be inventoried.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended, 1358, as amended (26 U.S.C. 5201, 5204))

#### § 19.981 Inventories.

Proprietors shall take actual physical inventory of all spirits (including fuel alcohol) on bonded premises at least once during each period for which a report is required by § 19.988. The results of the inventory shall be posted in the applicable records required by § 19.982.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1356, as amended (26 U.S.C. 5201))

#### § 19.982 Records.

(a) *All plants.* All proprietors shall maintain records with respect to: (1) The quantity and proof of spirits produced; (2) The proof gallons of spirits on-hand and received; (3) The quantities and types of materials added to render the spirits unfit for beverage use; (4) The quantity of fuel alcohol manufactured; and, (5) All dispositions of spirits (including fuel alcohol). Fuel alcohol may be recorded in wine gallons.

(b) *Medium and large plants.* Proprietors of medium and large plants shall also record the kind and quantity of materials used to produce spirits.

(c) *General requirements.* (1) The records must contain sufficient information to allow appropriate TTB officers to determine the quantities of spirits produced, received, stored, or processed and to verify that all spirits have been lawfully disposed of or used.

(2) Records which the proprietor prepares for other purposes (i.e. invoices or other commercial records) may be used to meet the record requirements of this subpart, so long as they show the required information.